

HOUSE OF ASSEMBLY

Wednesday 25 October 2006

ESTIMATES COMMITTEE A**Chair:**

Ms M.G. Thompson

Members:

The Hon. S.W. Key
 Mr A.S. Pederick
 The Hon. L. Stevens
 Mr I.H. Venning
 The Hon. P.L. White
 Mr M.R. Williams

The committee met at 11 a.m.

Department of Primary Industries and Resources,
 \$115 420 000
 Administered Items for the Department of Primary
 Industries and Resources, \$142 801 000

Witness:

The Hon. R.J. McEwen, Minister for Agriculture, Food
 and Fisheries, Minister for Forests.

Departmental Advisers:

Mr G. Knight, Acting Chief Executive, Primary Industries
 and Resources SA.
 Mr S. Archer, Acting Executive Director, Corporate,
 PIRSA.
 Mr S. West, Executive Director, Forestry, PIRSA.

The CHAIR: Estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration of proposed payments to facilitate changeover of departmental advisers. Changes to committee membership will be notified as they occur. Members should ensure that the chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 17 November. There will be a flexible approach to giving the call for asking questions, based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may, at the discretion of the chair, ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced.

Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*. There is no formal facility for the tabling of documents before the committee. However, documents can be supplied to the chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house, that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister, not to the minister's advisers. The minister may

refer questions to advisers for a response. I also advise that for the purposes of the committee there will be some freedom allowed for television coverage by allowing a short period of filming from the northern gallery.

I declare the proposed payments open for examination. I refer members to the Budget Statement, in particular, pages 2.16 and 2.17, and the Portfolio Statement, Volume 2, Part 5. Would the minister like to make an opening statement?

The Hon. R.J. McEWEN: Very briefly, because we could be dealing with two things in the next half hour: one is now the policy division within the department; the other is the corporate entity, which is now out there running a business on behalf of all of us, managing the public forests estate in a commercial way on behalf of us, the shareholders in South Australia. Stuart's little team—a \$2 million plus division—is obviously now developing policy for the forest industry. It is appropriate that it is at arm's length from the corporate entity. There was some anxiety amongst other forest estate owners that there could be conflict between a government developing forest policy and a government running a corporate entity and having public policy embedded in that entity.

It made good sense to do that. We said that we would do it. Stuart is in the process of putting that together. There is one thing that he has not done yet, because the last part of that was actually to indicate that we would have an industry development board around that. That is something that needs to be done. There have been a few teething problems in terms of Stuart's bedding down his team. I would hope, in the not too distant future, to be able to do that. In terms of the corporate entity, it has returned better than was expected last year. It has not met its challenge in terms of purchasing land. We are still finding that the biggest challenge.

Having said that, last year we planted 2 900 hectares, although some of it we might need replanting, depending upon the rest of the season. We now have in the nursery seedlings to plant 4 000 hectares next year. We are hoping that is what we can plant next year. There is \$6 million still sitting there to buy land. We have just made a purchase of 1 089 hectares after 1 July. That is the single biggest challenge. The other challenge (which I think the shadow minister will explore) is the pressure that is coming on all of us in terms of the downturn in the industry, but I will not waste any more time on that at this stage.

The CHAIR: Member for MacKillop, do you have a statement?

Mr WILLIAMS: No, I will go straight into questions, thank you, Madam Chair. Minister, 18 months ago you were predicting a downturn in the industry, and I notice in the budget paper that that did not eventuate and that we have probably been going along the same as we have been for the past few years. My understanding is that the rate of harvest of log from our forest at the current rate is probably unsustainable in the long term. Will the minister comment on that? Will the minister give the committee an indication of what the harvest rate has been in the past 12 months?

The Hon. R.J. McEWEN: Dealing with the first question first, the honourable member is absolutely right—we did predict a downturn. That is what our customers were telling us and obviously we have to listen to them because they, in turn, have to supply a range of products to customers in a very competitive market. The income tax equivalent payment exceeded budget by \$1.9 million for the last financial year, with total dividends attributed to the 2005-06 financial year exceeding budget by \$4.9 million, total payments to Treasury

for the last financial year being \$50.1 million. The honourable member is right. I will say what I said last year again this year: I think that we are moving into more difficult times.

It is interesting, though, that the companies are saying that there is strong demand for quality sawlog. The issue is what they have to pay for it. They obviously do not want less log. Obviously the more log they have, the better they can amortise their costs. Are we over cutting? The answer to that is no. We do have a long-term plan. There are a couple of blips in it. As the shadow minister would know better than most, a fire took out a third of our estate, and obviously that did have an impact in terms of an orderly flow-through. We do continue to review downwards rotations. There is still evidence with modern technology, better genetics, better silviculture etc., that we can harvest sooner.

The other thing is that there are unders and overs within the contracts but, over time, they tend to level out. No, I would say that there would still be part of the industry that says that we are under cutting and there would still be part of the industry that says that there is still embedded cash (which is a term one of our customers uses) in the forests. The conservative forests would say, 'Never cut them down at all; we love our trees.' I think that we have the balance about right. Certainly no-one is telling me at the moment that we are over cutting. Obviously the last tranche of product we put out to the market was based on a thorough examination of supply.

Mr WILLIAMS: The minister mentioned the price that customers are paying for the log and this has been of concern. It has been raised in the South-East recently. One company has recently laid off some of its workforce and has cited the price of log as being an issue. My understanding is that the prices being charged by Forestry SA for the log are significantly higher than companies that operate in other states.

The Hon. R.J. McEWEN: Can I correct the honourable member right now? We do not charge for the log. People tender for the log in a competitive process. It is quite wrong to suggest that we set a price and the price is too high.

Mr WILLIAMS: I take your point, minister, but notwithstanding that, built into the contracts is the price set at a particular point and automatic increases are applied to those prices. I have been told at least that that is causing angst for some processors who believe that they are getting substantially cheaper log from interstate forests.

The Hon. R.J. McEWEN: We are now dealing with a commercial issue and I would expect the board to deal with that. The board has advised me that a number of log customers are seeking discounts to their agreed log product prices. Forestry SA is reviewing the requests and holding discussions with these customers. The outcomes of these discussions may impact forward budget estimates. However, I have made the point to the chairman of the board that, having won a competitive tender, how much can you negotiate that with the successful winner of the tender without going back to the market?

Technically, if someone wants to renege on a contract, we ought to be saying to the market, 'What is your view of that?' I would hate that someone used a practice that they won a tender and then turned around and negotiated it down. I do not know that that is a good commercial approach. Obviously the board is sensitive to the pressures, to the extent that its suggestion to me is that there may be a forward impact on budget, but how that occurs obviously is a commercial decision in their hands.

Mr WILLIAMS: The reality is that the prices for some of the products that have been produced have been falling over recent years, notwithstanding the competitive nature of the housing market which is where most of the product ends up. There have been significant falls in some of the product. There have been significant increases in a lot of the inputs, particularly in fuel. The reality is that I am told that the only place in Australia where sawmill capacity has been increasing is in New South Wales and that that is being driven by price factors—that is, log price factors—and that there will continue to be a movement of the industry out of South Australia into New South Wales. Does the minister have a view or a concern about the industry moving from South Australia into New South Wales?

The Hon. R.J. McEWEN: There is one reason why we grow and keep in public hands a forest estate in South Australia; and I know that the honourable member supports the continued public ownership of that forest estate. The honourable member put that on the record during the election campaign. It was not always the view of his colleagues, but I give him credit for doing that. I take it that that is his party's policy on the matter. The reason we keep that here, of course, is that it underpins economic activity, particularly in the South-East. It underpins a whole lot of economic activity and a whole lot of jobs. Obviously, this has got to be in a competitive environment.

I made the point earlier that the way in which we sell these logs now is to go out to public tender. We do not put a price on them and say, 'If you want our log, this is what you pay for it.' You would have to think that market signals were used by the competitors to win that log. The other thing about which I am aware, of course, is that we are only one supplier. The last thing you would want is the owner of a public forest causing a ripple-out effect and having an impact on other forest estate owners, in the same way, of course, that our value-adders are feeling pressure at this time.

I presume that the costs are also going up for our forest estate owners, and they would hate me to be driving down the price of their product. I understand all those commercial forces, and I know that the honourable member understands all those commercial forces. We both respect that these are all the things that our board will have to weigh up, because we want to continue to cut at the level we are. I do not know whether the honourable member was alluding earlier to the fact that he felt we are over-cutting. Obviously, we want to continue to cut at the level we are, which means that we need customers. In turn, our customers need customers for their products. We all understand that cycle. Equally, I have confidence in our board to make the right commercial decision that does not have an undue impact either on economic activity in the area or, equally, on other competing forest estate owners.

Mr WILLIAMS: To highlight the point I have been making, I have some figures which suggest that the difference in price between timber coming out of the Tumut area in New South Wales is a little over 25 per cent less per cubic metre than—

The Hon. R.J. McEWEN: We seem to be going back over old ground here. The honourable member cannot imply that we are charging too much for our product. We are delivering our product to a customer who, in a commercial marketplace, offered that price. Obviously, the customer considered it to be a higher value commodity, and that could be due to competition or, as some would tell us, to the fact that it is a higher quality product. I do not know how they add

that in terms of a premium, but someone who wins a commercial contract cannot then turn around and say, 'I'm paying too much for it.' If they are paying too much for it, why did they tender for it in the first place?

I want to get out of people's minds this notion that somehow the government is forcing customers to pay too much for their product and, as a consequence, we might be responsible for job losses, etc. We have got to stop that. That is just a bit of silly nonsense. We must stop that thinking. Equally, we must put on the record that there could be a point where customers ask us to renegotiate contracts (and, as I have indicated, the forestry board has said that it understands that), or they say, 'We need to renege on the contract. We're sorry, but we offered more than we can now pay in this marketplace. Put the log back on the market.' They could end up with it again in another competitive tender or someone else could end up with it. Again, I am happy that the honourable member gets a private briefing from the board on that.

I understand exactly from where the honourable member is coming. Equally, I respectfully think that he should have an opportunity to express a personal view—as is mine, I might add—to the board. I do not believe that we would get to the point that we would direct the board. Obviously, if that needed to happen, parliament does that. The shadow minister understands that if a minister wishes to give a direction to a public corporation it needs to be done in writing and tabled in parliament. I do not think that we have got anywhere near that point, but I am confident that the board understands all these financial pressures and will make the right commercial decisions.

Mr WILLIAMS: I do not dispute what the minister has been saying, but there are significant pressures. As the minister well knows (because they are based in his electorate), some of the companies are expressing concern.

The Hon. R.J. McEWEN: I am sure they will go to the minister and the shadow minister. They should not be coming to either of us. The best place for them to go right from the start is to the board. I make it known to all of them that I do not engage in this discussion with customers. It is not appropriate that I engage in discussion with customers. I do, though, in a courteous manner, arrange for them to meet either John Ross (Chairman of the board) or the whole board if they feel that is what they need to do; otherwise, of course, I tell them first to talk to Brian Farmer and his senior team within the corporate entity.

Mr WILLIAMS: We will move on. Minister, you have alluded to the fact that you have purchased 1 089 hectares since July this year, and I am delighted to hear that. Was any land purchased in the previous 12 months, that is, up to 30 June this year, and how much of the \$6 million budget figure has been expended on that purchase? I do not want an exact figure—expressed in rough percentage terms will be fine. Is that purchase in South Australia or Victoria?

The Hon. R.J. McEWEN: Most of it is in Victoria, not South Australia. Again, there is a really interesting issue here. We have money to spend on land. Should we drive up the price of land simply because we have the money? We are very sensitive to the fact that, as a purchaser, there has been a lot of criticism of governments artificially inflating the value of land. We must make sure that we are in a commercial marketplace, that what we are buying is value for money and that we are not simply buying land because we have \$6 million to spend. I can tell the committee that the member for MacKillop's farming community and mine would absolutely go bunter if we allowed this money simply to drive

up the price. It is very competitive at the moment. In fact, farming families are arguing now that forestry is artificially inflating the value of land. I do not want to be part of that game, but we must continue to expand the forest estate in an orderly planner. Stuart will add further to the question.

Mr WEST: Thank you, minister. To the best of my knowledge the current expenditure is \$4.6 million for the current year to date, but I would have to take on notice the query regarding the last financial year; I do not have that available.

Mr WILLIAMS: Thank you; if you could supply that information. Minister, you have already commented on this year's plantings and the fact that there may be significant losses, so I will not go into any prediction on that. The drought, obviously, is not just affecting the farmers, it will affect the forestry industry in the South-East quite significantly. I understand that there is active discussion happening within the South-East, revisiting water allocation policy. Does Forestry SA have a view on that?

The Hon. R.J. McEWEN: Obviously Forestry SA is a participant. I think you and I agree that forestry is part of the water budget; they understand all that. The only matter on which you and I might have a disagreement, and we indicated this in the public forum on forestry, is about the need to actually reduce allocation, or how you set priorities when the resource becomes limited. That is obviously a political debate. Equally the board, at the moment, is engaged in a detailed consultation process through the South-East, doing that with minister Gago, and it is appropriate that you speak to her about that, rather than to me.

We make a contribution on two fronts, both in terms of broad forestry policy, which we do within the unit, and equally in terms of the forest estate owner. I would think more of the policy ought to now come out of the unit, rather than out of Forestry SA. You and I are privy to the maps now. We have now overlaid forestry over the water table. Quite frankly, those maps show that most forestry does not, under the present science, have much of an impact.

So I actually think some people recently may have overcooked this discussion a bit. Let us face it, historically we planted radiata pine—which is still the biggest (only just) species on our side of the border—on the deep sands, so we would not expect it to be intercepting the water table. That debate needs to be had when the science is right; it needs to be had based on the facts and it needs to be had in terms of not only what is the science, but what it then means obviously in terms of managing the sustainability of that resource.

Mr WILLIAMS: Thank you, minister. One last question, which you should be able to answer in 10 words. Are there any export logs still going over the wharf at Portland, and have there been any in the last financial year?

The Hon. R.J. McEWEN: I thank the shadow minister for this question, because I want to put on the record, once and for all, that I have indicated to the board that the policy on export must be a last resort and there must be within that mechanism a trigger that actually gives right of refusal to a local processor. I know it is difficult to find a commercial arrangement to achieve this objective, but what I expect them to be able to do is say, 'We have now got an export sale; does anybody want it at that price?' I am not expecting to discount it locally; it is a competitive market.

I have made it very clear to John Ross and to senior management of the board that exporting logs is exporting jobs. We only export product that nobody wants locally to add value to, and there must be some form of right of refusal

within that whereby, if you are a miller, I ring you and say, 'I'm sending a load of log down to the wharf. This is the price I'm getting for it; am I going past your door or not?' You say no; it keeps going to the wharf.

Mr WILLIAMS: In answer to my question, is any going out at all?

The CHAIR: Order! Just a moment, members. I inform the camera operator upstairs that the time for filming from the southern gallery has expired. You need to repair to the northern gallery. Thank you. Member for MacKillop?

Mr WILLIAMS: Have there been any logs still going over the wharf?

The Hon. R.J. McEWEN: I cannot answer that. There is regular log going over the wharf. I am not worried about that though, because I know that really the genesis of your question is: like me, you agree that it should not be happening if anybody locally wants it, and if somebody locally does want it and it is going over the wharf, there are going to be two very unhappy little punters: you and I.

Mr WILLIAMS: Thank you, minister.

Mr VENNING: On page 5.9 of Budget Paper 4, Volume 2, under the heading, 'Forestry policy', it says, 'Lead the program to establish six priority biodiversity corridors to link remnant native forests into the Lower Limestone Coast'. I presume that comes under the funding line on 6.6, in Budget Paper 3. What actually is happening at the moment? Will that corridor become commercial or is it going to be—

The Hon. R.J. McEWEN: No. These are corridors between remnant native vegetation; they are not commercial, either. If you have remnants of native vegetation and they are islands, you are not achieving the biodiversity goal, so you actually link them up.

Mr VENNING: So the corridor then becomes—

The Hon. R.J. McEWEN: It is then part of the native vegetation estate. It is not—

Mr VENNING: Under your management of forests?

The Hon. R.J. McEWEN: Now, of course, that is a community service obligation. The service provider could well be—and is now and could continue to be—the corporate entity, but we are purchasing that; that is you and I saying that we want now a benefit which is not a commercial benefit. You would find the funding for that within the community service obligations. This one, I am now told, is funded through the Natural Heritage Trust.

Mr VENNING: So it is not in your line.

Membership:

The Hon. R.G. Kerin substituted for Mr Williams.

Additional Departmental Advisers:

Mr D. Plowman, Executive Director, Agriculture and Wine, PIRSA.

Mr M. Williams, Acting Director, Finance and Shared Business Services, PIRSA.

The CHAIR: I think we have all appropriate lines open. Minister, do you have any remarks to start this section?

The Hon. R.J. McEWEN: Again, I will keep the opening remarks short because, obviously, most of this will come out during questioning. During the morning we will talk about drought. The biggest issue around drought I think is that there have been some misunderstandings around the process of new EC applications. I have had to write to a couple of federal members, who obviously do not understand the process at all, pointing out to them that state governments do not start EC

applications at all but that local communities do. In fact, once you follow through the flow chart there is a point at which state governments have to at least analyse them before forwarding them to the federal government.

That has caused a little bit of a hiccup this week, and I think it has been a bit of a distraction from the main game, quite frankly. The main game is that across South Australia we are now experiencing adverse seasonal circumstances outside of the normal definition, because it is not a one-off adverse seasonal circumstance of greater than 12 months: it is obviously three adverse events in five years. Anyone would say that is worse than an event greater than 12 months, so we are not asking people to soften the guidelines: we are asking for another interpretation of that.

I have been having discussions over recent days and doing some work internally to put in place a process to support communities to get on with EC declarations. Last Tuesday, I believe I got an understanding from federal minister McGauran that he would take a more liberal interpretation of the definition. I was not going to set up communities to fail. We have been having discussions about how we can do that and, although it has not been said publicly by the federal government, I take the minister at his word.

Today we have announced support for SAFF to simply be the focus for collecting applications to make sure they do not fall between stalls, etc. Applications will start with a community group, an NRM board, a local government board, a regional development board, etc. Equally, through Don's area, we will also provide the resources that any community group needs to do an application. It could cost up to \$15 000—I do not know, give or take a bit—but we will give them the resources to do that. That is obviously on top of the ongoing work we have been doing such as the hotline and rural financial counselling services, etc.

Although I acknowledge the point the member for MacKillop makes, which is really that there is not a lot governments can do in a drought, the one thing we must do at state level is make sure we are not making it worse. A couple of suggestions have been put to me, one of which (as part of this) is not to collect stamp duty on mortgages. We have agreed to that, and that has been announced. Equally, I have had a discussion with local government and, if we have to bury some stock, we will work with them in terms of funding some pits to do that. Obviously, under our agreement with the federal government, we will respond if more rural financial counselling services are needed. So, there is a range of things we can do.

Another thing which seemed a small request but which has been accommodated is that we have now extended the fast-tracking of the freeholding and said, 'If you can't get that done you have other concerns,' so we have extended the deadlines for that. There are some other things we might pick up around some community support grants and financial mediation. So we will be talking, and we will continue to do that. Again, the Premier has called together industry leaders for 14 November, and again we want to hear from them about how, at a state level, we can complement what is done federally, but we will spend more time on that during the morning.

We did the GM stuff, and I thank the shadow minister for his support in terms of what we need to do. The fisheries management bill probably will be the biggest thing we do in the next few weeks. Again, there has been a lot of work done on that, and I think by the time we get it to parliament it will be 99.9 per cent right. I do not think you come into parlia-

ment to have a stoush on these things; you do all the negotiations up front. We have a very good team that is very well respected and does some darn good work, not only within the industries but also on behalf of the industries.

The adding of industry development boards to advisory boards has meant that now we are clearly mapping the whole value chain of all our commodities. One thing we must do is not only understand where we work within the value chain but where, on behalf of our producers, we can advocate within that value chain, because, quite often, the constraint—the rate limiter—is not within the technical area of primary industries, anyway.

We have to understand that and, on behalf of the industries, advocate for that. Sometimes it is housing, sometimes access to labour, sometimes access to training or it could be a trade barrier. Obviously, if it is exchange rates or climate you have to live with it, but if it is something that you can influence, what you have to say—and I am also saying it to Geoff and Don and his team—is that our role, in terms of our customer base, goes beyond the services we provide and we will be doing the presentation to industry on setting all those priorities. I would expect that, as part of our next budget process, we start aligning resources to that.

In the Premier's Food Council this morning, we are now reviewing the first three-year plan ahead of putting another three-year plan in place and, again, we said to them that we can identify \$10 million worth of resources just within our agency that supports that plan. They need to tell us that that is the best possible way we can spend that money. They have to take more ownership of the priorities. That is a work in progress, which is certainly a complex task and which will require over time a shift in how we do business and where we apply resources.

The Hon. R.G. KERIN: First I agree with the minister about the departmental officers: they have taken up the challenge of training several ministers over the years and have done a very good job of that. Some challenges are bigger than others, I must admit. I do not have a lot to say but must express some disappointment with the package this morning. I know that the minister himself can only do so much himself without the Premier and Treasure coming on board. Certainly, the stamp duty part is welcome. However, a lot of the rest, in my opinion, is largely based on the costing operations of what we normally expect from PIRSA will be done, largely through resources from within PIRSA, without having to go outside.

One thing that particularly concerns me is the manner in which we are going about the EC applications. I was involved in several of these, and with this one we have the federal government throwing us a challenge and flagging that they are going to back off on some of the guidelines. I would think that that is code for the two years in a row, mainly, or the three in five. They have flagged that to us and what we now need to do is try to pull something together statewide, with lines on maps as far as areas go, because some of the cropping areas are getting surprisingly good results and grain is worth a fair bit, so there need to be lines on maps and careful coordination. If it is too ad hoc and left to community groups, who shows the leadership there and how do we make sure that the lines of what one community group or committee want to look after and where they want to go matches up with the next one, and how do we get that totally together?

I am somewhat concerned about that aspect. Having gone through this process several times, I am strongly of the opinion that, while we certainly need SAFF and community

committees to be well and truly involved in the process, I am pretty much convinced that the government and PIRSA really need to take the major role with it to make sure that they are coordinated and follow the same format with all the applications. I have had a fair bit to do with that bureaucracy in Canberra and, if they all follow the same format, you will find it easier to get quick ticks from that particular group.

In the past I have sat down with the bureaucrats in Canberra on this and travelled round country areas with some of them, and it just spells out how far away Canberra is sometimes, with its lack of understanding. Just because an area has had rain, they do not really understand that different times of the year make a difference or, if you have the rain and then the locusts come through a week later, that rain was not worth a hell of a lot to you. Some of those things are not understood well there, so I really urge that we look at PIRSA taking at least the role it has had in the past. However, I would go further. I think that, with the challenge thrown to us by Canberra and the fact that we have multiple areas, there is even more of a role for PIRSA in this situation.

I am aware that PIRSA is not walking away from it, but I have seen a note from one of the officers that says that the approach has been to encourage regional groups to guide the process even more than has been the case previously. I have no problems with the local communities playing a role, but I do not think that the time is right for PIRSA to back off. I do not think that SAFF is correctly resourced to take the absolute lead in this. I just express that as an opinion, having been there.

The Hon. R.J. McEWEN: I agree with absolutely everything that the honourable member has said and I think that he will be delighted to know that they are exactly the assumptions we have taken to the negotiations over the last few days. We cannot actually do the application ourselves, because when you work through the flow chart, obviously we consider the application, but communities need a lot of assistance. The honourable member makes the point that first you have to make sure that things are not falling between stools and there are not overlaps. That is the first job we did, and we are resourcing that.

Although that is being led out of SAFF, we are resourcing that to make sure that any community leader or any community group that expresses an interest in beginning an application makes contact with the one person who then works with Don's staff, so that we develop a map. If somebody rings in we are going to say 'No, we've already started that application. In your part of that, the boundaries are right.' Don has a map of where we think it is going to line up, and I am happy for him to share it with you. We are talking about maybe 15 applications. In the other area, we are not backing off; in fact, I think we are offering more than we did in the past. We are now saying to every group that as soon as they are ready to start doing the application we will provide the resources to do that. As I indicated, I think it is going to cost us \$15 000 per application, give or take a bit.

Where we are ahead of the game in terms of the work you started which followed through to the 2002 declarations is that we now have NAMS. We already have all the work that had to be done from first principles in terms of gathering all the weather data. We will download that off the system and provide it to the group. I think we are much better coordinated this time but, of course, this is bigger. In fairness, when doing the others you were only dealing with one community and one group. The only one I dealt with was the Jamestown Annex. That was a small group, and we knew exactly whom

we were talking to. This involves pretty well the rest of the state. We think we have this well mapped out in terms of not only the level of coordination but also the support for each group, but we have to make sure that there is one contact and, between Don's office and Carol, we will resource that.

The Hon. R.G. KERIN: I think your officers well and truly understand that communication with Canberra has to be absolutely ongoing, no surprises. In particular, if they are going to have 15 applications to tick off on, I suggest that the format of them all be the same because, having worked with those people, they are great ones for paperwork. The easier we make this the better, because we do not want them spending months and months poring over them.

The Hon. R.J. McEWEN: Madam Chair, I will ask Don to comment on that, because again the shadow minister makes a very good point.

Mr PLOWMAN: NAMS (National Agricultural Monitoring System) is a computer-based system that generates all the production data for a defined area. It also provides a standard reporting template. As well as making the first cut of the regions that we believe the applications should come from, we have generated the first cut of the NAMS report, and that is what we will give to the local communities. Some case studies will need to be put in as well but the NAMS report will form the basis of the application. Of our two senior staff, at present one is in Port Lincoln meeting with the group there and the other is in the Riverland meeting with that group, so we are actively working to get these applications completed and lodged.

The Hon. R.G. KERIN: That has answered about five of my first six questions, so that has helped enormously. I will go back to one question, just to give the minister every opportunity. Given the announcement today of the state government's \$4 million drought aid package and the disappointing comparison that will obviously be drawn with the package in Victoria earlier in the week of \$114 million, is the minister required to fund the bulk of this package out of the existing PIRSA budget?

The Hon. R.J. McEWEN: There are two things there. Again, the shadow minister is not picking up on the fact that at the moment we are not working within EC declared areas. In New South Wales, Queensland and Victoria the governments are working in EC areas. A whole lot of things flow, at both federal and state level, once we get the declaration. I am not announcing them because, obviously, that would be a double announcement of the money. We understand that, with the extensions of our existing ECs—

The Hon. R.G. Kerin interjecting:

The Hon. R.J. McEWEN: I will take that as a compliment. I made this point to the press this morning: we cannot compare like with like. At the moment, our priority is to get EC declarations up, but, equally, that does not make it any easier for our farming community by giving some support in some ways. This whack is going to hit everybody very hard.

Returning to the second part, most of what we announced involves not only new money but new work. Yes, the starting point with any job is to take the resources you have and say this is now a high priority—if it is—and you can actually park some of your present work. Much of the \$4 million package announced today is money forgone or money or support for someone else. So, no, we are not just being told within the agency, 'Here, within your resources, go and do a different job.' Geoff, did you want to comment on that?

Mr KNIGHT: Within the department we have clearly made the drought—and also the flow-on implications in terms

of irrigators next year—our number one priority. So, as you would expect, we are making sure that our very best people are working on the drought response. I suspect that Don probably is not doing much of his normal program other than focusing on the drought. So to some extent, as you would expect, we are making the best use of our very top resources to respond to this. In terms of the actual measures we will be getting out to the community, they are being funded by additional resources that have already been approved by cabinet. As we move further into the drought situation we would not expect all that to be funded internally. The \$4 million is additional money.

The Hon. R.G. KERIN: I hope Treasury is generous as time goes by. Minister, how soon would you expect the first of the applications to the federal government to be made?

The Hon. R.J. McEWEN: As soon as they are ready. There are a couple of obvious ones. We have to draw the boundaries as big as we can so that we have the smallest number of applications possible. However, what we must not do is bring in an area which is problematic, thereby impacting on the whole application. We think some will be dealt with more quickly than others. Obviously, those are the ones that will move through quickly to Canberra. I have the flow chart in front me, but I have never had to map the time right through. Don can probably answer that.

Mr PLOWMAN: The process will be easier in areas that are more impacted by drought. So, where there was an impact in 2002, 2004 and 2006, gathering the evidence to support an application will be much easier than in areas that have only been impacted in 2006. Looking at the information that is in NAMS, along with the collection of some case studies, if those applications were not within the state government's hands by the end of November I would be surprised. I would also point out that at present the guidelines that we are working with would, on the surface, make most of the cases difficult to get through. We have been working at officer level with the commonwealth, and I know minister McEwen has been working with his counterpart, to try and get clarification of the conditions that we will be responding to in these applications.

The Hon. R.J. McEWEN: That is the issue I alluded to earlier: if you take the guidelines as they stand—adverse seasonal circumstances of greater than 12 months—then that is not the circumstances in which we find ourselves. That is why in the conversation with McGauran last Tuesday I basically said to him, 'Can you take another interpretation of this?' I didn't use the words 'lessening the criteria', because I would actually argue that three out of five is worse than greater than 12 months. He indicated to me that he would, and I put that out in a press release. I actually expected him to follow that up, but we have not seen that.

The other side of this is that the last thing you want to do is to set communities up to fail. People say to me, 'Why haven't you done this last week?' Well, the answer is pretty simple. Under the guidelines as they stood, I was just playing with you and setting you up to fail. That is why from Tuesday last week we said, 'Get everything in place now.' We dealt with a cabinet submission on Monday and had discussions yesterday with SAFF. As from Tuesday, we worked as quickly as we possibly could to get to the point where we are now, assuming now that an interpretation of adverse seasonal circumstances, to trigger EC, will be satisfied by three out of five. But don't try it. If you still took the published guidelines in front of you, even today you wouldn't get over the first hurdle. That has been the argy-bargy of the last week. I think

it has been a distraction, I think it has been unfortunate. I had to write to both Patrick Secker and to Barry Wakelin to say, 'Look, boys, would you please stop saying what you're saying, because here is how it works. Just check it out first.'

The Hon. R.G. KERIN: Yes, I certainly have an understanding of that particular issue. So as far as the federal government goes, they haven't given you a definite yet, but the indications are that we will still need three out of five.

The Hon. R.J. McEWEN: Or something like that. What we now have to do is obviously put a case that says the circumstances we are in—

The Hon. R.G. KERIN: Are exceptional.

The Hon. R.J. McEWEN: —at least equate to greater than 12 months. The problem with greater than 12 months in a continuous grazing situation that means something different is that from an annual cropping situation. An annual cropping situation actually means 24 months, doesn't it? It is actually two crop failures. The other thing, of course, is that we have had a combination of whammies—not only rainfall, but obviously frost events and obviously at some stage, if things deteriorate further, water allocations. They are all adverse seasonal circumstances. So it may not just be drought greater than 12 months. I mean, what do you call 12 October 2004? What do you call that? That was an adverse day that cost us—I don't know—half a billion or something.

The Hon. R.G. KERIN: Is it the minister's understanding that the cost-sharing arrangements between the state and federal governments will stay as they have been agreed?

The Hon. R.J. McEWEN: Absolutely. This is not a time to debate drought policy. This is a time to live within the present drought policy, deficiencies or otherwise. Again, there are some people who would now like to step back and have a debate about drought policy. That is just procrastination. We have to move quickly with the present drought policy. As I said earlier, as part of the partnership with defence there are some things that states do. Running parallel to that, of course, we led the negotiations with the federal government in terms of raw financial counselling, which is now obviously a service that is pulled in. We have things like the hotline obviously running anyway, and our own technical resource has been running the technical workshops for some time. Obviously the drought policy and the things it triggers follow through.

What is not well understood, of course, is that the biggest benefit out of EC declarations is the triggering of the social security benefit for people in those desperate circumstances; so the Centrelink benefit, the equivalent of unemployment benefits, without meeting the work test. Above all others, that is what matters because at least you can feed the family. We say family, finances, farm: the three Fs in that order. We have got to make sure that families are coping with this where they trigger Centrelink benefits. Then we have to deal with the finances, through financial counselling services etc., and then we have to deal with the farm through the technical workshops we have been running. The hits on our web site have been over 3 000 and the calls to our hotline I think have been many hundreds, about 350. That will be ongoing. I was just saying to Don yesterday, the thing that has surprised me is the number of hits on the web site. People are going to the web site, and a lot of those have been seeking technical information around drought feeding of stock, obviously soil, and lot feeding even, in order to lessen the impact on soils, and obviously managing perennial tree crops as you cut water allocations. So there are a number of technical issues that we

have been already dealing with. Geoff, did you want to say something?

Mr KNIGHT: To support the earlier point in relation to the question that was raised, just by coincidence more than anything, the normal Primary Industries Standing Committee of chief executives of agricultural departments and DAFF met in Canberra last Thursday. Clearly, as you would expect, drought was a reasonably significant issue on the agenda, but there is no suggestion at this point that the historic cost-share arrangements in terms of business support are at all on the table, so that is parked off to one side for the moment.

The Hon. R.J. McEWEN: We will have that discussion another day.

The Hon. R.G. KERIN: The minister said he had been to cabinet. If, in fact, we get these applications over there they are ticked off by the federal government and are ready to go or—they don't have to go back to cabinet here? No delay?

The Hon. R.J. McEWEN: A cabinet submission is required, obviously, but that is simply just to free up the resources. We are certainly not going to renege at some stage on our part of the deal. By commencing the EC application process, it is complicitly understood by all that we will follow through in terms of the cost sharing agreement. Yes, on an individual basis I will have to go back to cabinet as they get over the line in terms of the financial consequences, but that is a process of approving the finances not making a decision about meeting our obligations.

The Hon. R.G. KERIN: I suppose it is a process issue that obviously you need to know where you are going. Just on that, one way of handling that, as you are making an application to the federal government, you could take something contingent to cabinet here at the same time as it is being handled over there.

The Hon. R.J. McEWEN: Don makes the point that the state cabinet submission does not hold up the flow of the money. As soon as the approval process is concluded, it starts automatically.

The Hon. R.G. KERIN: Don't the states have to agree to put their share in for that particular area?

Mr PLOWMAN: They do, but the first approval is done by the commonwealth and that usually then triggers the welfare component of it.

The Hon. R.G. KERIN: Yes, the welfare component. Is the minister satisfied that the restructured rural counselling service will be able to meet the demand for services in the coming months? I take on board the bit of extra money announced yesterday and, of course, the \$7 million of federal money that was announced yesterday.

The Hon. R.J. McEWEN: Yes. The restructured service was on about the level of resources required at the time. Obviously, now, there will be a further impact on those resources and, as part of the restructured agreement, yes, we have the opportunity to negotiate again with the feds in terms of what extra resources will be needed. I am quite confident that not only the restructuring worked but, within it, we have a process to match the resources not only in the level of resources but the matching of the resources to the need.

Mr PLOWMAN: The Chief Executive of the Rural Financial Counselling Service, Kay Matthias—a recently appointed person—is also a member of our drought response team. That is the operational group that is actually making sure that the resources are in the right areas and being delivered. We will know very quickly if additional resources are required. However, we see rural financial counselling as being the first and most important point of contact. We hope

that is where people under real stress will go and where those people will then either receive a financial assessment or be referred on to other state or commonwealth government programs or their financial institution or whatever. We will make sure that that part of it is as well resourced as possible.

The Hon. R.G. KERIN: As to the associated issue of the drought hotline—and excuse my ignorance on this—what level of expertise is available on that hotline? I am not sure who mans it but, when people ring the hotline, what sort of service or advice is available at that stage?

The Hon. R.J. McEWEN: Again, the shadow minister asks a very good question. The last thing you would do is advertise 180 2020 and say, ‘Ring this number’ and then have nothing sitting underneath it; so, obviously, the whole architecture around establishing what the need is and referring to the right person to get that information had to be built before we started. Again, that is something that had to be done very quickly, but thoroughly and professionally, because the last thing you want is somebody ringing up and being told to ring back on Monday. Don will outline the architecture under that and how that operates. I will just add that the feedback that we have received both on the hotline and the web site to date has been really good.

Mr PLOWMAN: Yes, when it became obvious that we needed to do a response—and that was about four to six weeks ago—and that we wanted to have a whole-of-government response—in other words, one portal for people to come into—we had discussions through our emergency response group. It was very clear that the mechanism we used for the Port Lincoln fires and Virginia floods—that is, a single line managed by Centrelink—was the best way to go. So, Centrelink is the custodian of the hotline, and the people who are the first point of contact are well experienced in taking that first line of questioning. Each of the agencies in the South Australian government that will respond at the second line have put up what we call the cards that those people use and callers who come in will be immediately referred through to the appropriate agency: mental health, the health department, primary industries, the education department or any other agency that has a role. As minister McEwen said, our feedback so far is that the line has been extremely well received and, again, we will monitor the effectiveness of it. If this critical first point of contact is not working, we will make sure that we make it work.

Mr VENNING: Before I ask any questions I think it is appropriate that I remind the house of my conflict that I am a farmer and any discussion on drought, or anything at all, personally affects me. But I speak generally, and I hope the minister understands that. My first question relates to phylloxera referred to in Budget Paper 4, Volume 2, under ‘Agriculture and Wine’. Minister, as you very well know, recently there was a very high profile breach of quarantining involving grapevines from a nursery in an area in Victoria from which import is prohibited. What measures have been taken to ensure that all nurseries and retailers in South Australia have a full understanding of their responsibilities and also that the follow-up has been to a point where we have accounted for all of those offending vines?

The Hon. R.J. McEWEN: The member for Schubert is a bit naughty actually. The reason why he knows about this incident is because I told him about it during the last parliament. I then saw his local press on it, but I guess that is politics and good luck to him.

Mr Venning interjecting:

The Hon. R.J. McEWEN: Where else did you hear about it? I told you. I do, and that is a process I take. I think if there is something topical that somebody ought to know about, I will casually let them know. Yes, there was a breach and, obviously, the first thing to do is to make sure that nobody was exposed. Obviously, it is easier to confiscate any stock at hand, but you also have to find out where the stock went. That has not proved to be 100 per cent successful. We have had two calls now in terms of advertising to say to people, ‘If you purchase this product, please get it back’.

I would be concerned about that, except for the fact that all the stock we had access to was tested and there were certainly no signs of any risk. Notwithstanding that, this is an outrageous breach of quarantine and further action will be considered in relation to Bunnings, the nursery, or both. The first issue with the quarantine breach is the biosecurity. The second part is to deal with the incident itself. The third part is that, if we have to make any policy changes as a consequence of that, then work through that. We understand the job on three fronts. Yes, some stock is still out there. Were they all bare-rooted cuttings?

Mr PLOWMAN: No, they were potted.

The Hon. R.J. McEWEN: If anyone has purchased potted grapevines from Bunnings, we would ask them to return them. I think we have done as best we possibly can. We understand the seriousness of it and we understand that the job is not finished yet.

The Hon. R.G. KERIN: I have a supplementary question. It has been shown that, because of the root stock that these came from, this was a low risk incursion but, from the briefings that I had, I am satisfied that it was managed correctly. However, it raises the fact that we now have Bunnings and the big groups—that is, non-specialist nurseries—handling these quarantine-type plants. It probably requires us, with the phylloxera board of course, to relook at the educational side of how we ensure that everyone who is making these purchasing decisions is well and truly aware of their responsibilities. The response in this case was the proper response.

I think that someone in Bunnings was probably not even being naughty in this respect, bearing in mind the way in which the market for these sorts of things has now gone; they made a decision on purchase without knowing the rules. It is probably a matter of having a good relook at how these things are brought in and who is doing the retailing. These trucks come in as well. Even with our road blocks and whatever, these trucks come in and they probably have 60 barbecues, 20 seats, 50 toilet brushes and 200 grapevines. As it is pretty hard for the current system to pick this up from a compliance point of view, we need to have a relook at the educational aspect of it.

The Hon. R.J. McEWEN: I agree with everything the honourable member says. I do not want to say any more in terms of what might happen next because obviously that could end up in the courts. The third point the honourable member makes is that, whenever something like this happens, the third phase of analysing it is to look at our policies and ask, ‘What have we learnt from this and what do we now need to do?’ The honourable member is right, we might have to go as far as some labelling or whatever. Although the final customer, the purchaser of the pick-and-eat grapevine, should have assumed that the product posed no biosecurity risk, somewhere else in the system it has broken down. The honourable member is right, we need to work on this on three fronts now.

Mr VENNING: I have a supplementary question. We have a phylloxera board, which we reorganised in the early 1990s. Do we have a structural problem at the Victorian end, given that it does not have a similar board; and should the minister take up this matter with his ministerial counterparts to ensure that they have a body similar to us in Victoria so that it will provide a structure whereby this sort of problem does not arise again?

The Hon. R.J. McEWEN: I have already made that point, yes. At some stage, we need to look at where the failings were and what needs to be put in place to avoid its happening in the future. The honourable member is right: it may need some discussions nationally. Let us not get ahead of the game here. Let us first establish what went wrong, where the breakdown in communication occurred and then what action needs to be taken to avoid a repetition.

Mr VENNING: I have another supplementary question. How many vines are still unaccounted for and is Bunnings, through its invoices, able to trace back where they went?

The Hon. R.J. McEWEN: Don will answer that. Obviously we have tried in every way possible to get them back. There are still some out there. If it was as simple as that, we would have had them all back the next day; we obviously thought about that. Don, tell us where we are up to with the one zone.

Mr PLOWMAN: A total of 261 vines came in and 118 are currently outstanding. Our belief at present, having gone out for a second recall and done all that we could do to discover those vines, is that it is unlikely that we will recover any of those. After the second call went out, only two additional vines were surrendered.

Mr VENNING: Are these different grape varieties?

Mr PLOWMAN: My understanding is that it was a table grape variety. They were called pick-and-eat. Can I also comment on the arrangements that are in place in Victoria? They do have quite stringent zoning for phylloxera and they do have a phylloxera zone. There are very strict requirements about the movement of soil, related materials and machinery in and out of that zone, and they also have a zone surrounding that. We have a phylloxera board that manages that side of it. Victoria does it slightly differently, but it does have in place quite clear zonings and requirements for management of material between those zones and the rest of the state and country.

Mr VENNING: This is a negative event for our key industry, but it can be a positive, I believe, because it is putting us through this exercise now of checking what we have in place. I am very pleased that it is not a commercial grape variety that we are discussing. As it is a table variety, it is probably less likely to cause angst. I am very pleased we discovered this problem now and not at another time when we had, say, some root stocks out of a commercial vineyard which would have really caused us some problems. I think we can turn this negative into a positive. We can say, 'We've had the scare; let's check it right out.'

I now turn to the Yamba fruit fly roadblock. The budget paper refers to the importance of the South Australian Riverland's fruit-fly-free status. Recently we have been contacted about the Yamba fruit fly road block and we are advised that staff at Yamba have been told that they 'have to tighten their belt'. Two staff members are on every shift at Yamba and the practice has long been that a third person is added on busy days, including long weekends. The situation came to a head on Monday 2 October (Labor Day) when there were long delays due to only two staff being on duty.

Requests for extra staff on those days have been refused. In response to concerns about the delays to travellers, local staff at Yamba have allegedly been told verbally to 'ask the question and let the cars go through'. Will the minister give the committee an assurance that Yamba will be adequately funded, and is he aware of the issues that have been raised?

The Hon. R.J. McEWEN: Again, Madam Chair, I am sure that you would question the style of the question. We do not want the questions to make unsubstantiated accusations. I prefer to have a question, get the information and then proceed. To say that funding was refused, etc., is not useful to having a professional discussion. I will not rise to the bait. It is much better in here to talk through the issues. I will get Mr Plowman to deal with this issue. Equally, the honourable member might recall that the shadow minister asked me a question more generally about fruit fly funding because, again, he had heard some rumours that we were cutting it.

I had to make the point that, obviously, these biosecurity measures are fundamental to the protection of our export markets. Obviously, we will not leave these vital markets exposed through some silly funding cuts. We are very well aware of our responsibilities in this regard. Of course, we are also responsible for spending public money in the most appropriate way. We will make sure that we are getting the value we need for the money. We must strike that balance, but I will get Mr Plowman to answer with respect to this particular incident.

Mr PLOWMAN: The roadblocks really are the first point of barrier for the importation of plant and animal products that come into the state and the biosecurity risks that go around that. By their very nature, they are in remote locations—Ceduna, Yamba, Oodlawirra and Pinnaroo. Usually, they are staffed by what we call weekly paid staff or staff who are relatively junior. In order to try to get a career opportunity for these staff, I have shifted their classification from 'weekly paid' to 'operational services', which gives them more career opportunities than they had before.

Also, we have a TAFE certificate level 4 course that allows them to progress through the range. We have tried to give those staff a better future and more responsibility than they might have had previously. What has occurred with that are some slight changes in their employment conditions which resulted temporarily—and partly—in the situation the honourable member has described. We have resolved that as well as we can. We have not cut the budget to roadblock staff or operations. In fact, we have increased our communications around the importation of plant and animal products, as well as highlighting the biosecurity issues around that.

We will ensure that the rosters are as good as we can make them so that we do not have those delays. We have also said that, if there are very large queues of people, we will inspect only those vehicles that appear to be the highest risk. We will not delay people for long periods of time. We will do a random check, and we believe that will be sufficient. I reinforce that that is not the norm. Normally, we would be inspecting all cars coming from Western Australia, through the Riverland and, when it is open, Pinnaroo. Of course, there is an automatic inspection of all importer freight.

The Hon. R.G. KERIN: As a supplementary question, were there actual cutbacks at Yamba on the long weekend?

Mr PLOWMAN: I will take that on notice. I do not know the exact answer.

Mr VENNING: With respect to the Ceduna fruit fly roadblock, is the minister aware of the serious local concerns regarding safety and adequate space at the proposed site for

the new fruit-fly checking station at Ceduna, and will he give an assurance that these concerns will be addressed before the relocation occurs?

The Hon. R.J. McEWEN: I will give the assurance first. Obviously, we have a very professional outfit, and we address any concerns that are brought to our attention. I presume that Mr Plowman is aware of these issues and will give the honourable member an update where we are with them.

Mr PLOWMAN: At present, we are in discussions with Transport SA about the relocation of the existing roadblock from near the centre of Ceduna to the west—out along the highway. Over the last 12 months or so, three sites have been identified. One has been dismissed by everyone, and that was the one that was close to the development. Two are now under consideration: one, I suppose, about four or five kilometres out of town and one a little further. With respect to the one that is closest (which is our preferred option), we are looking at some aspects of vegetation clearance that might prevent its going ahead. We will then shift a little further out. We have designed both sites such that they will be far better from an occupational health and safety point of view than currently exists, and we will make sure that the heavy traffic particularly is taken right out of the line of traffic to be inspected.

Mr VENNING: Will the minister advise the current status of the mobile roadblocks introduced several years ago with industry financial assistance?

Mr PLOWMAN: They are in operation. They have been used in recent times; I do not know exactly when. I can find that out for the honourable member. Yes, they are in operation. We have recently finished a mobile caravan which will allow us to augment those roadblocks and which will allow people to be accommodated. We are also using that as a mobile emergency response unit. That is set up with wireless communications, and the like, so that we can use it for any emergency responses.

The Hon. R.G. KERIN: This question will be one for the man on your left, minister. Budget Paper 4, Volume 2, page 5.143 indicates that expenditure of more than \$200 million is explained as 'SA Water Corporation and parliamentary salaries and electorate expenses/allowances'. Does the minister agree that this is a rather bizarre grouping for an amount of money that is more than double the agriculture, food and fisheries appropriation; and can he provide a breakdown?

The Hon. R.J. McEWEN: It would be most inappropriate for me to comment on the way Treasury sees that we all frame these things. I am not an accountant and I always find it difficult to understand any of them; and, I might add, so do others. You made the point that you thought the budget had been cut by between 15 and 20 per cent, and I think Ivan made the point that it had been cut by 15 per cent. I asked him where, he said, 'Because someone told me'; and, of course, it had not been cut at all. But in fairness, they are very difficult to read.

We were priding ourselves on the fact that, being an ever-increasing percentage of a budget that was not growing at the same rate as health, we had actually held our own. So it was not true to suggest that our budget had been cut. But like you, I agree that it is very difficult sometimes to understand, on a first reading, what these numbers mean. We will see how some of the team goes. Mr Archer.

Mr ARCHER: If you refer to the number on page 5.43, that in fact is actually a combined appropriation amount that is provided under the minister's administered items. Perhaps

go to page 5.44: you actually see that it is separated on that page: under 'Employee payments', there is a line for 'Parliamentary salaries and electorate expense allowances', \$709 000. Then further down the page, under 'Grants and subsidies', you will see 'SA Water Corporation', which is in fact the CSO payment for country water supplies of \$139 million.

The Hon. R.G. KERIN: Just while we are on that particular one—I have got a question later on it—it is almost as if there were two CSO payments in the one financial year. Is that correct, or was there a special one-off payment?

Mr ARCHER: That is correct. In fact, Treasury changed the methodology for assessing CSOs and that resulted in a double payment in that one year; now it has reverted to a single payment.

The Hon. R.G. KERIN: That was not extra money, that was just—

Mr ARCHER: No; it was purely a timing—

The Hon. R.J. McEWEN: It was purely a timing matter. They have not ended up with a windfall, but they have actually treated it as two in one year.

The Hon. R.G. KERIN: I don't know how that was reflected in the dividend. We will get to you explaining, minister, about how a cut is not a cut.

An honourable member interjecting:

The Hon. R.J. McEWEN: You are absolutely right.

The Hon. R.G. KERIN: The net cost we will talk about; but your men will be able to explain this for the good people of this side.

The Hon. R.J. McEWEN: We will.

The Hon. R.G. KERIN: The net costs show a 12 per cent reduction in the government's commitment to agriculture, food and fisheries this year, falling from \$99 million last year to \$87 million this year. I am sure the minister is going to jump at the opportunity of explaining why that is not a cut and why it will not impact on the major areas in which the savings will be made.

The Hon. R.J. McEWEN: I am very keen to have this explained, especially to Ivan, who is getting particularly excited at the moment.

Mr Venning interjecting:

The Hon. R.J. McEWEN: No, you cannot read; this is the problem. None of us can read, on the surface of it, a set of accounts. So it is a fair question. At least the shadow minister has not implied anything at this stage. He has just said, 'Please explain', and as a consequence of the explanation, if he is then unhappy, I have been reassured and it is now my job to reassure both of you. We will do that. It will take a while; we will go through a table which sets out exactly what that means, and you are actually going to find, to your great surprise, that this is quite a good news story.

Mr Venning interjecting:

The Hon. R.J. McEWEN: No; we are going to surprise you, Ivan. You will need to listen for a minute now. It will be difficult. Madam Chair, if I could get Geoff Knight just to run through this, because obviously it is the one-offs that make it so difficult to look at the long-term base. Over recent days we have been dealing with some one-offs that have been cabinet decisions and some one-offs that have been as a consequence of responding to fires and floods, etc. So when you are buying one-off capital items like boats, or you are buying back netting licences, or you are putting over \$9 million into the wine industry cluster, etc., these one-offs tend to make it difficult. You have to take them out over the years so that you can then look at the underlying trend line.

Mr KNIGHT: Obviously the member's question has arisen from—

The CHAIR: Can you explain exactly what is happening for the purposes of *Hansard*?

The Hon. R.J. McEWEN: What I have asked Geoff Knight to do is actually talk to a table, and although I believe that I cannot incorporate that in *Hansard*, what I have done is actually provide the shadow minister and the member for Schubert with a copy of that table. In fairness to them, it is very difficult for somebody to listen to an explanation without having the numbers in front of them as well.

The CHAIR: You can incorporate a table that is statistical in nature and of only one page in length, if that helps you.

The Hon. R.J. McEWEN: We will seek your guidance. I would like to incorporate it in *Hansard*, if I can. I think once you see the table you might suggest it is more than statistical in nature; that is the problem.

The CHAIR: It is an awful lot of figures for me. I believe this is statistical in nature, so if you seek leave it can be incorporated.

The Hon. R.J. McEWEN: I seek leave to have the table we are now going to speak to inserted in *Hansard* without my reading it.

Leave granted.

Program 4—Agriculture, Food and Fisheries
Summary Income Statement

Expenses	2006-07 Budget \$'000	2005-06 Est. result \$'000	2005-06 Budget \$'000	2004-5 Actual \$'000
Published Budget	175,094	187,200	163,655	165,047
Major Program Variations				
Wine Innovation Cluster	-	-9,500	-7,00	-
Flood relief	-1,200	-2,300	-	-
EP Bushfire re-establishment	-2,195	-2,465	-2,655	-100
EP Bushfire response	-	-220	-	-2,600
EC	-2560	-2,570	-3,470	-806
FarmBis	-4,500	-3,893	-4,000	-4,860
National Livestock Identification Scheme	-400	-690	-690	-473
Net carryovers	-125	-667	-	-148
Marine Scalefish Licence Buyback	-	-100	-1,00	-10,900
Underlying Budget	164,114	164,795	144,840	145,160
Income				
	2006-07 Budget	2005-06 Est. result	2005-06 Budget	2004-05 Actual
Published Budget	87,522	88,190	69,641	68,042
Major Program variations				
EP Bushfire re-establishment	-1,225	-1,455	-	-
EC	-2,335	-2,090	-3,123	-756
FarmBis	-2,250	-1,893	-2,000	-850
Underlying Budget	81,712	82,752	64,518	66,436
Net Cost of providing services				
	2006-07 Budget \$'000	2005-06 Est. result \$'000	2005-06 Budget \$'000	2004-05 Actual \$'000
Published Budget	87,572	99,010	94,014	97,005
		10% Decrease		
Major program variations				
Wine Innovation Cluster	-	-9,500	-7,000	-
Flood relief	-1,200	-2,300	-	-

EP Bushfire re-establishment	-970	-1,010	-2,655	-100
EP Bushfire response	-	-220	-	-2,600
EC	-225	-480	-347	-50
FarmBis	-2,250	-2,000	-2,000	-4,010
National Livestock Identification Scheme	-400	-690	-690	-473
Net carryovers	-125	-667	-	-148
Marine Scalefish Licence Buyback	-	-100	-1,000	-10,900
Underlying Budget	82,402	82,043	80,322	78,724
			5% Increase	

Mr KNIGHT: I am only going to refer to the bottom third of this table in this explanation, and it is the section of the table that is headed, 'Net cost of providing services'. The first line in that bottom third says 'Published budget' and you will notice there they are the same figures that are listed in the table on page 5.19 of the Portfolio Statement. That row of numbers, I imagine, is behind the question. There is 87.572, for example, in the 2006-07 budget. You will see that we have put an annotation on that table to show that there is apparently a 10 per cent reduction over that period. It will be 10 per cent, depending on which number you are looking at. So if you are looking at comparing the 2005-06 result with the 2006-07 budget, of course it is different; but we have looked at the 2004-05 actual to the 2006-07 budget. But, whichever figure you look at, there is an apparent decline.

The section underneath that attempts to provide a reconciliation, in far more detail than I will cover right now. Effectively, it strips out the one-offs and extraordinary items, and the bottom of that table is labelled 'underlying budget'. So we have tried to strip out the one-offs and exceptional items to arrive at the underlying core level of expenditure for ongoing programs.

I point out, in the table itself in the detail, the major one-offs that contribute to that perception of a decline are the very large payments made, first, to Adelaide University and budgeted to be made in 2005-06. We budgeted to pay \$7 million but actually paid \$9.5 million. That was a contribution to the Wine Innovation Cluster. The other important line in that table is the significant one-offs relating to the EP bushfire re-establishment. There was a \$2.6 million figure in the 2005-06 budget. The last item that artificially inflates the 2004-05 actual is the figure at the bottom of that table which relates to the marine scale fish licence buyback of \$10 million. There is also a \$1 million figure in the 2005-06 budget.

When you strip out all those adjustments—the one-offs that do not recur and relate to particular commitments in one year or another (and we have also taken carryovers out of this table to try to get to the underlying bottom line)—you will see, in effect, what might be referred to as a modest increase but, rather than a 10 per cent or 12 per cent reduction in that time, we have about a 5 per cent increase in the underlying level of funds available for the total PIRSA programs. Given the number of figures in this table, it might be helpful if I stop there and leave it open for any further supplementary questions that might come.

The Hon. R.J. McEWEN: I have not said that our budget has been increased because, obviously, the value of money changes over time. So I am not going out saying that this tells us the budget has been increased by 5 per cent. The spending

capacity of the department has obviously declined a little bit. As I said when I first responded to this, there has been a slight cut to our base budget, because we have been subject to the same efficiency dividends as others, but to try to read anything into it other than the fact that we have held our base is a misrepresentation of the base budget. It is difficult, though, because obviously every year there are one-offs and, as I indicated earlier, sometimes it is because we make a policy decision. For example, I convinced cabinet in terms of the net buyback—which I think was a fantastic decision, I might add. It has proved to be money extremely well spent in terms of the recovery of that fishery, and that has worked particularly well. But, obviously, in relation to others we do not actually choose to do it, and they are things such as the Virginia floods and the Eyre Peninsula fires. We respond to an event in an appropriate way.

The other matter, the wine cluster, was a one-off decision we made. It is a capital investment and is obviously part of putting together a package around the university and elsewhere. That did not come out of our base. That was a one-off payment that we went and argued for as an extraordinary item, and it is treated that way.

The Hon. R.G. KERIN: Regarding the wine cluster and the increase from \$7.5 million to \$9 million, was it an increase in the capital cost?

Mr KNIGHT: The original cabinet decision involved a total payment of \$9.5 million towards the cluster. The original cash flow of that was \$7 million in 2005-06 and \$2.5 million in 2006-07. That is why you will see a budget of \$7 million. The estimated result was \$9.5 million. We found ourselves in the position where we were able to pay the full \$9.5 million and, given the negotiations with the other parties to the WIC (namely, Adelaide University, AWRI, CSIRO and GWRDC), we felt it was beneficial to make the entire \$9.5 million payment, and that facilitated the wrap-up and legal agreement between the parties. So it was not an increase over the original budget but just changing the cash flow between years.

The Hon. R.J. McEWEN: Again, you will pick that up in the first line under 'Major project variations' in the top table where the budget for 2005-06 was \$7 million but the estimated result—in other words, the actual—was the \$9.5 million. So that was the one-off payment. Is Ivan now happy? This is the important question for the morning. Ivan, have we now convinced you?

Mr VENNING: No.

The Hon. R.J. McEWEN: Can we ask why? This is important. We do not want this to be seen as smoke and mirrors, or any trick or spin.

The Hon. R.G. KERIN: I am aware of that. Sure, the

one-offs are there, but it also reflects the wind-down of some programs sometimes. I am not making any particular comment, but it can also identify the wind-down of programs and where the next lot of programs are. Thank you for the explanation. It makes it a bit clearer. It was a good education for my colleague.

The Hon. R.J. McEWEN: He will be struggling for some time with this one. But it does not indicate a wind-down of programs. Obviously we change the spending mix over time as we negotiate with industry but, if you say it represents a wind-down of programs, you should also say it represents a wind-up in programs. If we are spending money differently, some might get a bit more and some might get a bit less. In fairness, there is very little shift in the base. In other words, the base appropriation to primary industries is holding its own. You are not suggesting to me we should not make any internal adjustments in terms of setting priorities, but to go out there and say that we have had a 10, 15 or 20 per cent cut is not a true reflection of what is occurring in funding in primary industries.

The Hon. R.G. KERIN: The next question is even more cynical. There has been a bit of concern that the overall Department of Primary Industries, some of which you are not responsible for, has included areas such as urban development, planning, Office for the Southern Suburbs, volunteers, and state/local government relations. That gives the Department of Primary Industries and Resources a critical mass, which is important and keeps us with a department, I suppose, but subprogram 4.6, 'Rural services', provides a relatively small amount of money for regional communities. Why was assistance provided to the Glenelg tramline redevelopment out of this program and how much money was spent on that project?

The Hon. R.J. McEWEN: In fairness, it is not within the Primary Industries part so I am not responsible for it, but we can deal with this. Mr Knight will deal with that.

Mr KNIGHT: As the honourable member will be aware, a fair bit of Rural Solutions' business is on a commercial basis, where it goes out and competes for work on a tender basis. The example highlighted there is that another part of government, in this case the Transport portfolio, sought expertise in relation to vegetation plantings along the tramway corridor. Rural Solutions won that work, so that work is not in fact a draw on PIRSA appropriation but is actually funded as part of a service level agreement by another part of government. Transport could have gone to another firm out there, but Rural Solutions clearly had the expertise in terms of revegetation and the like and won that work in the marketplace.

The Hon. R.G. KERIN: They ripped them right off, too. I hope they got some money out of them.

The Hon. R.J. McEWEN: Is that not a good price for Rural Solutions? Good luck to them: they are a pretty commercial operation. They are good, shrewd negotiators who got themselves a good deal.

The Hon. R.G. KERIN: I am sure that if the CEO was involved we got a good deal. We would have made money hand over fist. One target listed for 2006-07 is to increase food export development initiatives in 13 target countries and increase to 35 the number of buyers under the International Buyers Program. Given the cuts in that part of the budget, which is the Food Plan, can the minister explain how extra initiatives will be funded and what other parts of the Food Plan budget will receive lower allocations or be scrapped as a result of this allocation.

The Hon. R.J. McEWEN: Overall, when we look at the Food Plan we must not only look at what is in the unit, and we just had this discussion in the Premier's Food Council. We think that we spend just within the agency over \$10 million on the Food Plan, but you would see about \$3 million of that in the unit that deals specifically with food. Equally, the honourable member will be pleased to know that an all counts the ScoreCard this year was up. The honourable member will appreciate that we are going to pay the long-term costs of the impact of the three droughts, but the ScoreCard has reported some very encouraging progress on a number of fronts, and I will make sure that the honourable member gets a copy of that. Geoff Knight will deal with the details of the question.

Mr KNIGHT: One of the things that has been a characteristic of the Food Plan program since it was established in 1996-97 under the previous government is that it had to be established as a rather new umbrella within the organisation, because our focus on agriculture was a little bit too pre-farm gate focus, so we had to create a new organisational unit. Over the last 10 years, we have found that our mainstream agriculture division that Don heads has become much more focused on food and wine right along the value chain. Increasingly, the kind of expenditure you see against Food South Australia is a reasonably small part of our total commitment. Likewise, we are increasingly seeing success in ensuring that other parts of government do their bit when it comes to contributions to food, wine and so on.

We are doing a skill development program with DEFEEST where we have kicked in a little money and DEFEEST is making sure that it targets its programs to support food and wine sectors. Increasingly, it has become less and less relevant to look at that line, which has declined because some of that funding was provided as up-front seed funding and more and more industry commitment comes on board over time. To look at that line and say that it is a reduction in funding, it must be noted that that line has been less and less relevant. I think the minister used the figure a minute ago and I suspect that, when we do a full review of this, it will be a number much less bigger than \$10 million.

We are getting SARDI to look much more closely at making sure its research agenda aligns with contributing to food exports and the like. For a little while now it has had a focus on research that improved cold chain performance, and the like. We are now going through a process of realigning our total departmental efforts to maximise the contribution to the Food Plan as a whole and moving that focus much more broadly than just on producers, all the way up and down the value chain. In terms of the target that gave rise to the question, clearly we are starting to look much more at the market end of things, improving our market intelligence capability and becoming far more aware of trends in markets around food preferences amongst consumers.

Over time we would expect to achieve those targets that are set down there and improve our overall performance in terms of achieving them. Obviously, there are challenges in there, and the key challenge concerning us right now is the season we have this year, which will clearly have an impact on the ScoreCard, as well as continuing high exchange rates.

The Hon. R.G. KERIN: The minister noted in his opening statement a review of the next three-year Food Plan. From the initial targets that were set—and we are starting to run out of time with those initial targets—for a variety of reasons over the last few years we have fallen a long way behind those targets. The minister mentioned the improved

figures from what would have been 2004-05 to 2005-06 in the ScoreCard. In the next three-year plan, is there any adjustment to the \$15 million target or to the timeline to achieve the \$15 million target?

The Hon. R.J. McEWEN: In the Premier's Food Council this morning, we reviewed the plan of the last three years, ahead of preparing the 2007 and 2010 plan. When you do that and look at the ScoreCard, you see a number of interesting things. One is that we have not captured all the activity properly with that one particular headline target. For example, the biggest growth area has been value adding interstate. We got that bit of the estimate wrong. So, if we break it up into four quadrants—undifferentiated product, raw material, interstate export and value adding interstate export—we see a shift in terms of where the activity has been.

The other surprising thing that has happened that we have not mentioned is that through the FIDOs we put resources out into the regions. The plan was to go and scope the capacity, identify where that capacity had the potential not only to grow but also to compete in different markets—so capacity and capability around small businesses. By bringing those people together, they started to collaborate and did a third thing which we had not mapped in the ScoreCard, which was import replacement. We now have local food activity, which is creating wealth and bringing in new money. It was not just some sort of dodgy stuff. It was new product, new activity, new wealth, but within the state complementing tourism products, because the FIDOs had got together these food groups who were doing all these good things.

To come back to your basic question, I think that, in part, we need a more sophisticated measure. If things retrack in terms of where we are now, we would probably get to 12 instead of 15. I note the point you made publicly earlier, about taking the 2001-02 season and running that through. That was predicated on a \$9.5 billion crop. So, it was way above ordinary. Unfortunately, cereal grain is still a very large component of the overall numbers, but, if we take an average season right through, with the other growth, we would achieve or exceed the target. Obviously, with the bad season, it has now dropped well below. It has picked up again this year. If that trend line continues, I think we would end up at 12 instead of 15. I am looking at having a genuine discussion about some other measures, because I think there is more food activity in the value adding area.

The other thing we have to say is that a lot of this wealth generation is not going to be at the production end. We are really pushing the limits now in terms of growth and production. There is limited capacity in water, soils, climate, labour, etc. We think that more will come by adding more value to that before it leaves the state, and then we have to measure that in some way. It is the same in the fishing industry. As much as Michael Angelakis would like to catch more, it has to be sustainable. The wild catch is finite. The growth there is going to be in aquaculture rather than in wild fishery, so it is going to be more intensive. Some of the growth in primary industries is going to be more intensive as well. If that means more feed stocks—look what is happening not only with pigs but with chicken meat, etc., and, depending on what happens in horticulture (with the hi-tech glass-houses)—I think that is where we are going to see further growth.

Mr VENNING: I refer to Budget Paper 4, Volume 2, page 5.23, under the heading of Cold Storage. Can the minister update the committee on the current status of the

cold storage facility at the Adelaide Airport, and its future operations?

The Hon. R.J. McEWEN: We will take that question on notice because there are some discussions in relation to that. DTED is leading these discussions with the Treasurer. We are aware of it and we are a contributor to that, but I will need to get back to you with an update. We understand how vital that facility is, but, equally, there is a point at which we need to ask: where does public money keep private enterprise going? It is a balancing act. We understand the subtleties of that and there is a team working on it. We will come back to you with a report.

The Hon. P.L. WHITE: I move:

That the sitting of the committee be extended beyond 1 p.m.

Motion carried.

Mr VENNING: I refer to Budget Paper 4, Volume 2, under the heading of Targets. Minister, the list of targets for the 2006-07 financial year includes the completion of the drafting of the Fisheries Management Bill 2006. The bill is now several years overdue and several industry sources have assured us that the government has promised that the bill will be passed before the end of 2006. What is the latest timetable for the completion of this bill, and when do you expect it to be passed through parliament, because as recent as a couple of weeks ago industry sources were still being assured that it would be passed by Christmas?

The Hon. R.J. McEWEN: I think it will be up to you more than me. It will be introduced, I hope, on Thursday and, depending on how much time parliament needs, it will or will not be through by Christmas. I am not going to suggest that it is going to be an easy or difficult passage. It is out of my hands the minute I introduce it. I intend to introduce that bill on Thursday.

Mr VENNING: Tomorrow?

The Hon. R.J. McEWEN: Yes.

Mr VENNING: That's news; thank you.

The Hon. R.J. McEWEN: It is news, breaking news. Well done.

Mr VENNING: I am pleased. On the same line in relation to fishing: what is the current attitude of the state government to the introduction of recreational licences for fishermen?

The Hon. R.J. McEWEN: The present policy of the Labor government is that there will not be. That is a policy that is out there and well known.

Mr VENNING: There won't be? What is your policy?

The Hon. R.J. McEWEN: Look, that is not a relevant question; that's a silly question. The policy of the elected government of this state is that there will not be a recreational fishing licence. Ivan knows that.

The Hon. R.G. KERIN: I got asked that question six years in a row!

Mr VENNING: I just have to make sure you have not changed your mind, minister, that was all; just checking.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, page 5.21. The net buyback and closure of areas has opened up very considerable areas to the exclusive use of line fishers and recreationalists. One outcome is that there has been a concentration of netting effort into several areas which were left open to netting. Does the minister consider that there needs to be a review as to the ultimate impact of the closures, and does he envisage any action to relieve the pressure being put on some regions of the fishery?

The Hon. R.J. McEWEN: What the member needs to do is go back to his source of that question and point out that the question is fundamentally flawed, or the member needs independently to do his own mathematics, because he should look at not only the number of nets that were bought out but also the effort that was bought out, because the number of nets on its own would actually inflate the figure. If he looks at the number of nets that were bought out, but more importantly the number of netting days that that constituted, and, therefore, looks at the number of netting days that are left in the industry, and then look at the area that is closed, he will actually see that the opposite to the proposition that he puts in his question is the fact. It was a voluntary buyback, anyway. The fact of the matter is that those remaining in the industry have now got more areas to fish per net than they had in the past. So, somebody has set the member up with that question. I'm not surprised.

Mr PEDERICK: What an outrageous comment by the minister.

The Hon. R.G. KERIN: Just a supplementary on that: it has been raised by several people that there are a couple of areas at the moment, one being Port Broughton, where there has been a congregation of fishers. There are a few local issues that have been caused particularly by the closure of the extensive area around Yorke Peninsula where they have gone to the closer areas that have been opened. So there are a few remaining issues that probably should be dealt with, and I suppose the question is: is there anything in tow to try and break up those couple of areas of congestion?

The Hon. R.J. McEWEN: Obviously we continue to look at managing that finite resource. One of the interesting consequences of the buyback and closing areas, which the fishermen are telling me, is that the fishery is in a healthier state. What they are actually saying is, 'We haven't yet got the data to prove this scientifically', but anecdotally they are reporting that leaving some areas totally undisturbed is of enormous benefit to all of the area. Just that non-disturbance of nets in some of those areas has improved the whole fishery. Not only do we have fewer fishermen and a greater area of fishing but an improved fishery. So on three fronts those that are left in the industry have actually benefited as much as the community at large, and as much as the fish stocks. I have to reiterate, of course—people might remember the T-shirt—I am a friend of the fish. This was actually about sustainability, fish habitat and fish populations, because obviously it is in no-one's long-term interest to decimate a finite resource.

We will continue to collect data on a number of fronts, we will continue to look at the sustainability of all these species, and then, of course, what is the most complex area of public policy is where you have a group of competing stakeholders wanting access to a finite resource. Obviously, there will always be tensions in the margins between recreational fishermen, commercial fishermen, charter fishermen, and indigenous fishing, and then it becomes particularly difficult if we have to shrink the size of the cake, because then we have to shrink the size of the slice, and everybody wants someone else's slice to shrink more than theirs. We understand that around the world. We understand the difficulty around setting public policy in this area, but I actually think this decision, although it was described as courageous at the time, has actually proved on all fronts to have been better than I expected.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, page 5.21. Will the closure of areas because of the restructure

of the marine scale netting fishery result in extra compliance services being needed and, if so, will the professional sector be expected to pay for these services through cost recovery?

The Hon. R.J. McEWEN: That is not in my jurisdiction, and obviously minister Gago needs to be asked the majority of that question about marine-protected areas. However, one thing that is in the legislation—

An honourable member interjecting:

The Hon. R.J. McEWEN: I misunderstood the question. Can I have the question again?

Mr PEDERICK: Will the closure of areas because of the restructure of the marine scale netting fishery result in extra compliance services being needed and, if so, will the professional sector be expected to pay for these services through cost recovery?

The Hon. R.J. McEWEN: I can't answer that question. I understand now what you are asking. In effect, what you are saying is that, because we have now added a further complexity to the fishery, the level of enforcement of compliance can go up, and if that is only paid for by the marine scale licence holders then actually we have added an extra burden on them. What you would not be aware of, of course, is that the policy is that the stakeholders pay for their compliance. That required me to go to Treasury two or three years ago to argue for public money and to actually significantly reduce the costs to the marine scale licence holders because they were paying for all the compliance even though they were only one of the participants.

So, the fundamental principle is that you only pay for that compliance which is relevant to your activity in the industry. I understand where you are coming from, but I am sure that the marine scale fishermen, or the source of the question, did not tell you the significant cuts I got for them in their licences, having argued on their behalf that the public dollar had to contribute to compliance because part of the compliance was public good. In terms of whether they have picked up a bit more than their share through a higher level of compliance, if we are using that, I will get back to you with an answer.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, pages 5.21 and 5.43. The year 2005-06 saw a large rationalisation of net fishers in South Australia, resulting in a significant drop in licence holders. Pages 5.21 and 5.43 of the budget papers show that government this year will contribute \$1.2 million less to fisheries, yet it will collect \$1.2 million more from the industry. Is the minister satisfied that the industry, with significantly fewer participants, can afford this cost shift from government to the professional sector, given the significant shift of resource share to the recreational sector?

The Hon. R.J. McEWEN: Again, if we just stick to the question first rather than the gratuitous comments—because the first part of the question is a valid and genuine question; the second part of it is totally wrong—as I said to Ivan earlier, if as a consequence of seeking further information you then believe something is wrong, let us have a debate about it. But let us not assume from the outset that your interpretation is right, then make those sorts of gratuitous statements. I think you will see in a minute that your interpretation is wrong and that, therefore, the assumptions that follow from it are wrong. We will do this in two parts. I am happy to have a debate about policy any time, but I just wish you would not put that matter into what is, on the surface of it, a legitimate question rather than a loaded question.

Let us now see what the facts are, and I think then you will retract the second part. I will ask Geoff Knight to go through it again because, in fairness to the members, as I said before, it is difficult to understand these numbers and I am quite happy to give an explanation and then have a scrap if the explanation points to what they think it says. In this case it does not, so they will be happy.

Mr KNIGHT: I think the question is based on the correct observation that the net cost of subprogram 3, budget to budget 2005-06 to 2006-07, went down by \$1 million when the same budget to budget comparison on the fishing licence fees went up by \$1 million. However, those two movements are totally unrelated. I refer to the table that we incorporated before and draw your attention to the second last line. You will see in the reference to the marine scalefish licence buyback in the 2005-06 budget there was a \$1 million figure that feeds into that \$9.649 million figure in the sub-program. There is no such figure in the 2006-07 budget, so if you strip that out to compare like with like, you would find that the comparison is not between \$9.6 million and \$8.5 million, it is more like \$8.6 million and \$8.5 million. I would regard that as a non-material variation in a sense. It is just the fact that the 2005-06 budget was artificially inflated up by the presence of that \$1 million related to the tail end of the buyback.

The second part of the question, which related to the increase in fishing licence fees, is unrelated because each year, as part of the negotiation process through fisheries management committees, the actual compliance program and the research program necessary for sector by sector are agreed with those sectors, and those budgets are then used to determine the licence fees that are struck based on the number of licence holders in each of those sectors. So, the increase from \$11.2 million to \$12.3 million between those two budget years would have been based on whatever the merits were for an increase in effort—either research or compliance—that would have been agreed sector by sector at fisheries management committee level. It would have had nothing to do with the actual perceived reduction in funding.

The Hon. R.J. McEWEN: For example, if you looked at the licence fees paid by the southern rock lobster fishery this year, you would see that they are higher, and that is as a consequence of negotiation with them about the change in compliance and the video cameras linked to the scales. The industry, in negotiating with the government, has made a decision about an upfront investment to reduce some costs even further. That is a decision that has been made in negotiation through the FMCs but, again, you would just not pick that up to look on the surface of it because it looks like the government is ripping money out of the fisheries through licences. It is not; it is actually negotiating with them in terms of the compliance costs and then budgeting that in a way that suited them.

The Hon. R.G. KERIN: Some fisheries licence holders have had cockles from the Port River as a principal source of income. This income has now been halted due to the closure of this area because of the presence of *E. coli*. Various reasons for the *E. coli* levels have been put forward, including the possibility of leaking sewage or pump-outs from yachts. Can the minister update the committee on this issue? What measures have been taken to reopen the fishery?

The Hon. R.J. McEWEN: I will get Don Plowman to update the shadow minister on the issue of cockles in the Port River. Obviously, the issues are really health-related in terms of the quality of those cockles.

Mr PLOWMAN: The regulation of this fishery is covered under the primary production and processing standards, which is why it comes under the heading of 'Agriculture and wine'. We have had concerns about the levels of *E. coli* in cockles for some time earlier this year, as a result of a sequence of very high levels, so we closed fishery, with the agreement of the fishery itself, and we have monitored the levels in cockles on a regular basis. Testing was provided this week showing that the levels were still well and truly above that which would provide safe and healthy food to consumers.

We have worked closely with the EPA, the Department of Health and any other source of information as to the source of the contamination. I think we have ruled out a lot of the ones that were thought to relate to the discharge of effluent from yachts or overflowing septic tanks and the like. We have done quite a lot of DNA typing of the pathogens that sit in the cockles, along with what is in the water. The nearest association we have been able to get so far is that it comes from the bird population that sits on the section bank.

We are continuing the monitoring of the populations of birds. Historically, the numbers have gone down over summer and up over winter, which tends to reflect the migration of the birds or the presence of the birds on the section bank. We hope to have some more conclusive information probably some time in December/January as the monitoring is finished. The implications are quite significant if the main source of contamination is the birds.

The Hon. R.G. KERIN: I have some omnibus questions as follows:

1. Will the minister provide a detailed breakdown for each of the forward estimate years of the specific administration measures as listed in Budget Paper 3, Chapter 2, Expenditure, which will lead to a reduction in operating costs in the portfolio?
2. Will the minister provide a detailed breakdown of expenditure on consultants and contractors in 2005-06 for all departments and agencies reporting to the minister, listing the name of the consultant and the contractor, the cost, the work undertaken and the method of appointment?
3. For each department or agency reporting to the minister, how many surplus employees are there as at 30 June 2006, and for each surplus employee what is the title or classification of the employee and the total employment cost of the employee?
4. In the financial year 2004-05, for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2005-06?
5. For all departments and agencies reporting to the minister, what is the estimated or actual level of under-expenditure for 2005-06, and has cabinet already approved any carryover expenditure into 2006-07 and, if so, how much?
6. (i) What was the total number of employees with a total employment cost of \$100 000 or more per employee, and also as a sub-category, the total number of employees with a total employment cost of \$200 000 or more per employee for all departments and agencies reporting to the minister as at 30 June 2006?
(ii) Between 30 June 2005 and 30 June 2006, will the minister list the job title and total employment cost of each position (with a total estimated cost of \$100 000 or more): (a) which has been abolished; and (b) which has been created?

The Hon. R.J. McEWEN: We will take all of those on notice and get back in a timely way, as always, to the honourable member.

Mr VENNING: I know the minister is looking at all options available to the government to assist farmers. Has the minister discussed this with his interstate colleagues, particularly his federal colleagues, because this is probably a taxation issue? We know that the problem farmers have this year involves the matter of cash flow. We also know that many farmers have farms tied up in what is called FMDs (farm management deposits). It has been put to me that farmers can cash them out but, when they come back in, they have to pay tax on them. Would it be possible for farmers to declare them back as farm income in this particular year, realising that there has to be a trace back because we do not want to see people washing them out? Has this been considered at all as an extra tool to enable farmers to have an extra cash flow? They have that money and some of them have been holding it for some years. If they take it, can they declare it as part of farm income this year?

The Hon. R.J. McEWEN: I understand the proposition, but why would we consider that at a state level? Obviously that is a taxation issue for the federal government. Again, I am not equipped to have a discussion about the tax policy around that. Obviously, you do not pay tax on the way in. If you do not want to pay tax on the way in, the question is: can you also avoid paying tax on the way out? I understand why the honourable member would put that proposition.

Mr VENNING: Is it an area that your department would put together as part of its farm assistance packages?

Mr KNIGHT: I need to say at this stage that the high level drought task force, which I jointly chair with the chief executive of the Department of Water, Land and Biodiversity Conservation, has raised the issue of FMDs, mainly from the perspective of wanting to better understand their value in the current drought. At a future meeting, we will be looking at any trends in terms of the changes in the level of deposits held in FMDs. At this stage, we purely want to understand the role that FMDs might play as a positive tool in terms of risk management for farmers. We need to see the outcome of that when it comes to a future meeting of the high level drought task force. I think that, once we have seen that, that might then prompt other questions at which we might want to take a closer look.

The Hon. R.J. McEWEN: Certainly minister Truss dealt with this as part of the drought round table, which was 18 months ago or more. At that stage he was expressing concern that they were not being drawn down. He was saying that this was a management tool that we were meant to call on. He gave us some data at that stage. I think soon after that, though, there was significant new access. Obviously they were being drawn down because that was a risk management tool. We have all talked about drought policies in the long term and preparedness—not only technical preparedness but financial preparedness—and that is what those tools exist for.

Mr VENNING: As long as it is being considered and decisions are made.

The Hon. R.J. McEWEN: Absolutely. As the honourable member says, we must explore every possibility. It is a valid point.

The Hon. R.G. KERIN: Is the minister satisfied with the level of consultation with respect to licences for recreational fisheries in the marine park proposals? In 2000-01, PIRSA played a leading role during the initial consultations. Is the minister satisfied that the department of environment has not

taken over the process and that PIRSA is still an equal stakeholder?

The Hon. R.J. McEWEN: Obviously, the agency will contribute to that policy development. It has some robust views in its own right; and, obviously, they will be taken on board as we develop the policy.

The Hon. R.G. KERIN: The highlights for 2005-06 include an expanded chemical education awareness program. Is the minister aware that TAFE is currently slashing its commitment to farm chemical courses? Given that these courses are mandatory, will the minister comment on the availability of these courses next year?

The Hon. R.J. McEWEN: I will get Mr Plowman to comment. Obviously, it is a user-pays system and a number of products are on the market. In fact, there were some tensions around Rural Solutions offering one product and then offering another. Obviously, you must offer the appropriate product to achieve accreditation for the chemical user in the most cost effective way. Again, I suspect that if TAFE is offering that it must be competitive. It is an open marketplace. Mr Plowman will add to that.

The Hon. R.G. KERIN: TAFE lecturers have been told that the emphasis is now on mining, defence and other things and that some of the current courses will not be continued.

The Hon. R.J. McEWEN: The concern for me would be that courses would not be available in a timely manner at a reasonable cost. That is the challenge we would face. Obviously, you would not have an accreditation framework in place if people cannot access it. That is the challenge for us. I will ask Mr Plowman to answer that.

Mr PLOWMAN: If the advice I am about to give is incorrect I shall correct it, but it is my understanding that TAFE is not the major deliverer of these courses. Primarily they are delivered by private sector training providers.

The Hon. R.G. KERIN: It depends where you go.

Mr PLOWMAN: It might vary, but I think that, through our Rural Chemicals Group, we will monitor the situation. If there is a shortage of courses we will do whatever we can to make sure that training is available. My feeling is that the three courses that are now available through registered training organisations are sufficient to cover demand.

The Hon. R.G. KERIN: Rehabilitation of the Lower Murray irrigation area has been occurring over recent years. One outcome which was not initially envisaged when the rehabilitation commenced was the exit of so many dairy farmers. Will the minister advise the committee what impact this has had on the dairy industry in the region and therefore on the State Dairy Plan?

The Hon. R.J. McEWEN: I have not got the exact numbers in front of me of this year's production. I think that some of the tensions in the Fleurieu and on the river were more about the supplier than production. Certainly, over time the long-term plan did have a shift to the South-East. I can get the honourable member an update on the dairy plan generally; and, for both my education and his, I will get an update on the impact the swamps have had on that. Certainly, taking production out of the swamps would have impacted on the overall production.

The Hon. R.G. KERIN: This question can be taken on notice. I refer to the proposed shared services reforms across government. Will the minister outline the baseline costs for the provision of corporate services in PIRSA? The baseline costs will include the total current cost of the provision of payroll, finance, human resources, procurement, records management and information technology services, as well as

the FTE staffing numbers. What particular issues from PIRSA's viewpoint need to be resolved with the proposed centralised shared services unit?

The Hon. R.J. McEWEN: We will take those questions on notice. There is some detail in that.

The Hon. R.G. KERIN: Will the minister quickly update the committee on the issue of white spot on prawns, the bio-security risk of the problem and what actions are currently being taken?

The Hon. R.J. McEWEN: Pass.

The Hon. R.G. KERIN: I will get a private briefing.

The Hon. R.J. McEWEN: Thank you.

The CHAIR: There being no further questions, I declare consideration of the proposed payment for the Department for Primary Industries and Resources and Administered Items for the Department of Primary Industries and Resources completed. However, there are some other matters to deal with. I have received a letter from the Hon. J. Weatherill in his capacity as Minister Assisting the Premier in Cabinet Business and Public Sector Management. The minister has asked that the following statement be read into the proceedings of the committee:

In an answer given to Estimates Committee A on 18 October 2006 in respect of numbers of excess employees, I indicated that, as at 30 April 2006, there were 396 employees identified as excess to requirements; that 222 employees accepted TVSPs; and that, as at 30 June 2006, there were 275 employees identified as excess to requirements. I then stated that this indicated there was a net increase of 101 excess employees being identified as excess to requirement in the period 30 April to 30 June.

Reference to the net increase of 101 employees is obviously wrong. As indicated by the numbers as at 30 April and 30 June respectively, there was a decrease of excess employees in the relevant period. Further checking of the numbers by OPE since 18 October has revealed that the correct figure of employees identified as excess as at 30 June was in fact 290. Therefore, the decrease in numbers of employees identified as excess to requirements in the relevant period is 106.

I wish to provide some further detail regarding the breakdown of the 222 employees who accepted TVSPs, in order to clarify why

the acceptance of 222 TVSPs led to an apparent reduction of only 106 excess employees. Of the 222 employees who accepted TVSPs, 115 were drawn from the group of 396 employees identified as excess to requirements on 30 April 2006, 20 were employees who were identified as excess to requirements after 30 April 2006, and 87 were employees who, while not identified as part of the group of 396 excess employees as at 30 April 2006, were long-term recipients of workers compensation payments.

In addition, there was a net increase of nine employees (beyond the original 396 employees) who became identified as excess employees during the relevant period.

I understand the minister has provided a copy of that letter to the Leader of the Opposition, who was the lead speaker for the opposition on this matter. I also have a letter from the Hon. Jennifer Rankine, Minister for State/Local Government Relations. She has also asked that this matter be recorded in the proceedings of this committee:

I am writing to clarify advice given in relation to a question asked in Estimates Committee A on Monday 23 October. The question related to a federal funding shortfall to local government in South Australia.

Following my initial answer to Mr Griffiths' question, on advice I stated, 'I am told that it is 12 plus 12 plus 12 plus 12 each year. . . ' (page 153). I now provide the following correction for the house, 'The total cumulative amount since the 1997-98 shortfall is \$12.296 million.'

I now move to final proceedings for the committee. After examination of the last proposed payments, I lay before the committee a draft report of the proceedings of this committee.

The Hon. P.L. WHITE: I move:

That the draft report be the report of the committee.

Motion carried.

The CHAIR: That completes the proceedings of Estimates Committee A. Thank you again to the minister's advisers and all members of the committee for the generally—today, absolutely—parliamentary-like manner in which the proceedings have been conducted.

At 1.34 p.m. the committee concluded.